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equal power of every dollar at all times in the markets and in the payment of debts.

With knowledge of these assurances, the people have received those coins and have relied confidently upon the good faith of their government, and the confidence thus inspired has been a most potent factor in the maintenance of the parity. The public has been satisfied that, so long as our present monetary system is preserved, the government will do whatever its moral obligations and express declarations require it to do, and, very largely in consequence of this confidence in the good faith of the executive authorities, the silver coins have not depreciated in value. It is not doubted that whatever can be lawfully done to maintain equality in the exchangeable value of the two metals will be done whenever it becomes necessary, and although silver dollars and silver certificates have not, up to the present time, been received in exchange for gold, yet, if the time shall ever come when the parity cannot be otherwise maintained, *such exchanges will be made*. It is the duty of the Secretary of the Treasury, and of all other public officials, to execute in good faith the policy declared by Congress, and whenever he shall be satisfied that the silver dollar cannot be kept equal in purchasing power with the gold dollar, except by receiving it in exchange for the gold dollar, when such exchange is demanded, *it will be his duty to adopt that course*. But if our present policy is adhered to, and the coinage is kept within reasonable limits, the means heretofore employed for the maintenance of the parity will doubtless be found sufficient in the future, and our silver dollars and silver certificates will continue to circulate at par with gold, thus enabling the people to use both metals instead of one only, as would be the case if the parity were destroyed by free coinage.

THE NEW GOLD AND THE FALL OF PRICES.

PROFESSOR J. CONRAD has renounced the view that the fall of prices since 1873 has been due to a diminished production of gold. The fact which has led him to this change of opinion is that the recent large increase in the production of gold has not exercised any appreciable effect in retarding the continued decline of the price level.

Professor Conrad's discussion of this question may be found in a recent article in *Hildebrand's Jahrbücher*.¹ He there presents a table, founded upon official data, showing the price movements in Germany. Taking prices for the decade 1878-89 as 100, he gives the following as the index numbers for recent years :

¹ "Die Preisentwicklung im Jahre 1895 und den Vorjahren," J. CONRAD; *Jahrbücher für Nationalökonomie und Statistik*, III. Folge, Band XI. 602 (1896).

Years	Index number
1879 to 1889	100
1889 to 1893	99.95
1892	95.32
1893	91.52
1894	82.54
1895	81.75

Professor Conrad calls attention to the fact that this continued fall in prices has occurred contemporaneously with an enlarged yearly output of gold. Commenting on the concurrence of these two facts, he says :¹

Not only the extreme adherents of Bimetallism, but also men who, like the writer, occupy a middle ground, have attributed the fall of prices to a rise in the value of gold. The rise in the value of gold was attributed to the scarcity which resulted from the falling off in the production and the enlargement of the demand. Now in the last few years the production of gold has increased enormously, so that there can be no more talk about a scarcity of gold. On the other hand, there has been talk, not without reason, of a superfluity of gold, which has in fact collected in excess in the central banks, to such an extent as has scarcely been observed before. . . . Since this revolution in gold production and the abundant supply of gold have exercised no perceptible influence upon prices, no one can hereafter conclude that the earlier insignificant decline in the production of gold was the cause of the fall of prices. Further, there has been so little alteration latterly in the conditions of demand, that this derangement of production must be exercising its full effect. Moreover, there has been during the last year but a very slight change in the ratio between silver and gold. The price has fallen in 1895 to $28\frac{7}{8}$ pence per ounce of standard silver, from 29.6 pence in 1894, as against 35 in 1893 and $39\frac{1}{2}$ in 1892. It is therefore quite clear that the fall of silver is not a consequence of the scarcity of gold, but of the excessive production of silver, which has, even in the last few years, kept even pace with that of gold. With this conclusion the entire position of the extreme bimetallists falls to the ground.

It is interesting to note in this connection that Professor Lexis also, who at least as long ago as 1887 expressed the view that the fall of prices could not be attributed to a scarcity of gold,² has recently reaffirmed this opinion.

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¹ Pp. 602 and 606.

² See the letter of Dr. W. Lexis to the Royal Gold and Silver Commission; *Second Report*, p. 267.